

2015 Summer Fuels Outlook

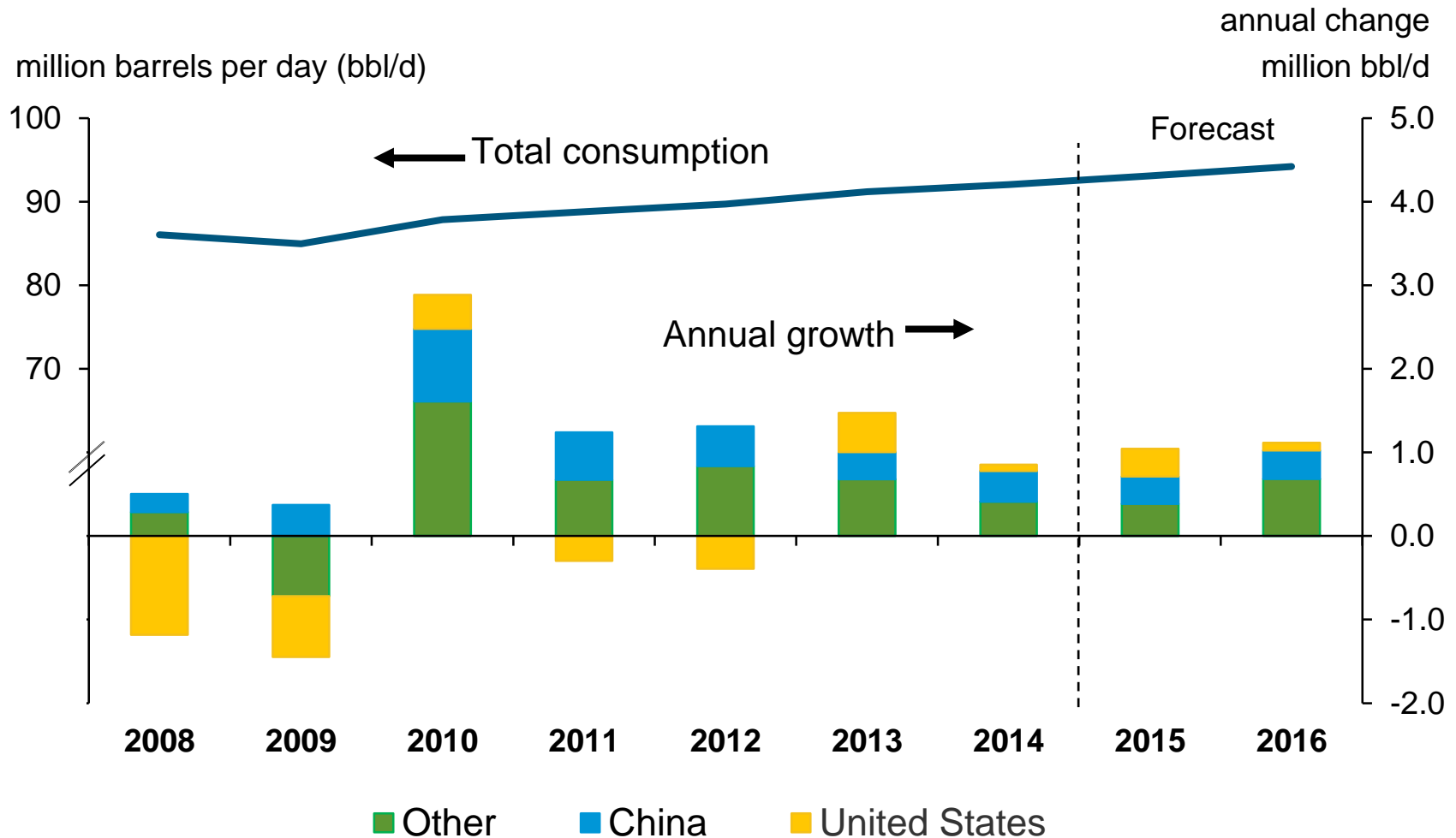


April 7, 2015

Key factors driving the short-term outlook

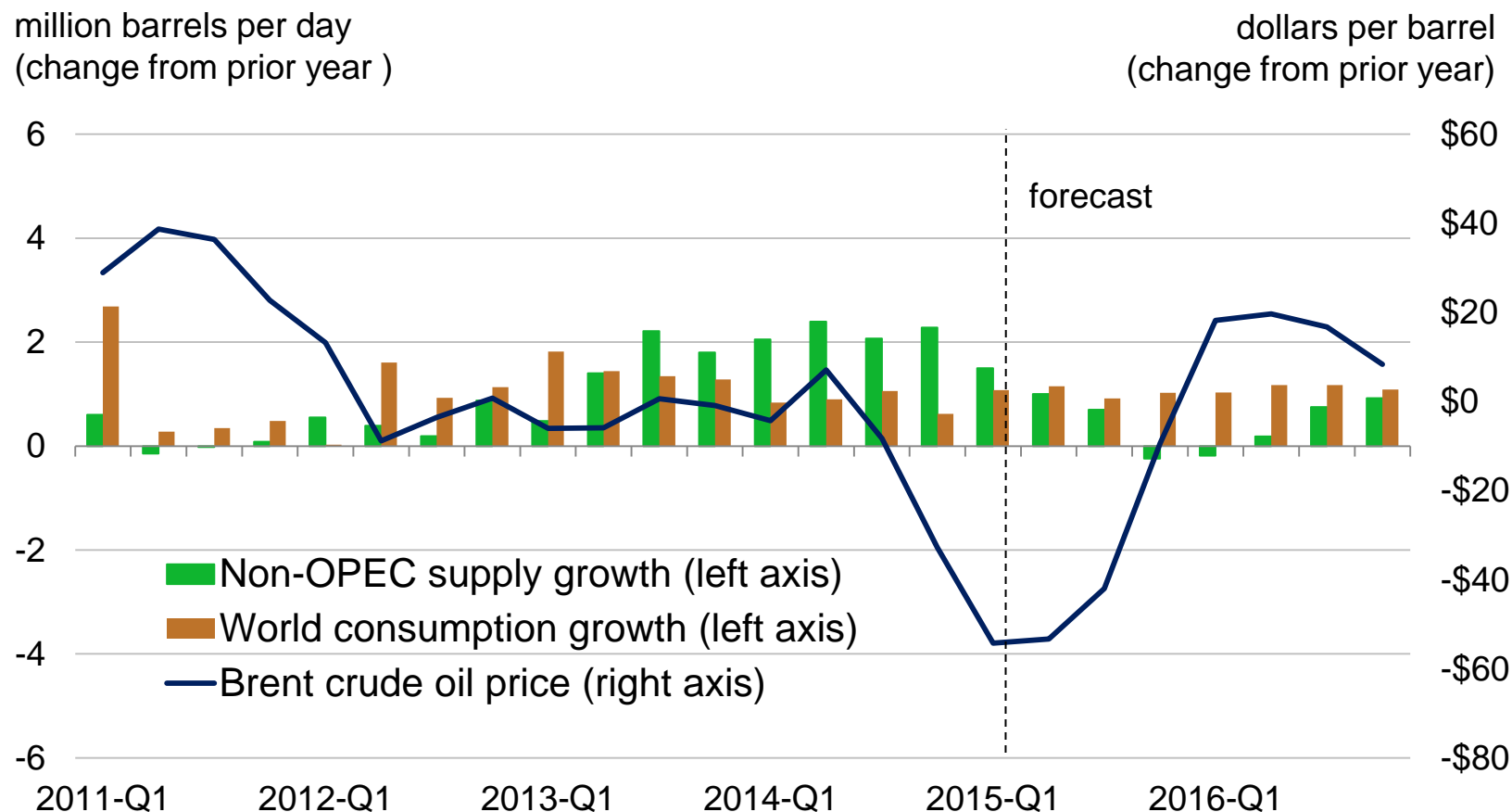
- Global oil supply is expected to remain higher than global consumption in 2015, keeping oil prices at relatively low levels this summer compared with previous years.
- Growth in non-OPEC crude oil and other liquids production slows from 2.2 million bbl/d in 2014 to 0.7 million bbl/d in 2015.
- World liquid fuels consumption increases by an average 1.0 million bbl/d in 2015, driven largely by emerging economies.
- Brent crude oil prices, which averaged \$99 per barrel in 2014, are projected to average \$59 per barrel in 2015, and increase to \$75 per barrel in 2016.

World liquid fuels consumption is projected to increase by 1.0 million bbl/d in 2015 and 1.1 million bbl/d in 2016



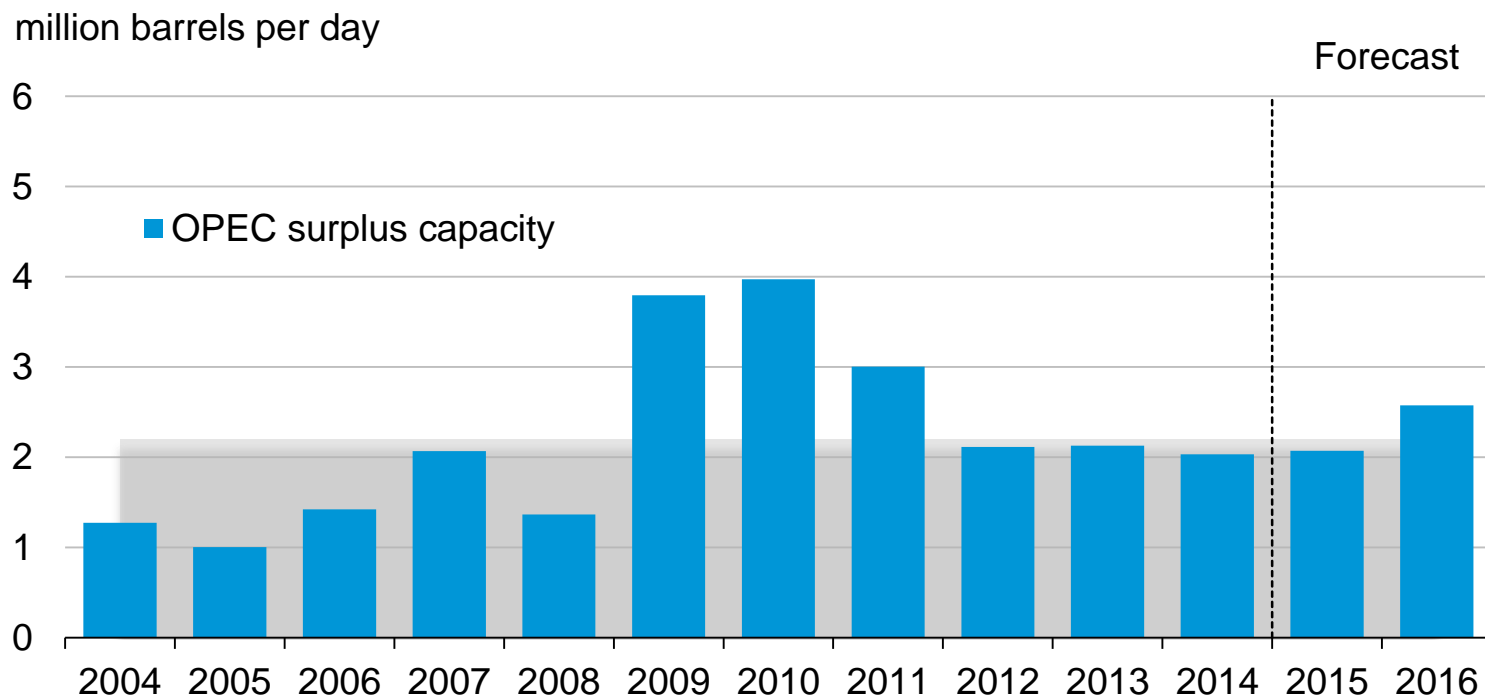
Source: Short-Term Energy Outlook, April 2015

Non-OPEC supply growth slows in 2015 because of lower crude oil prices



Source: Short-Term Energy Outlook, April 2015

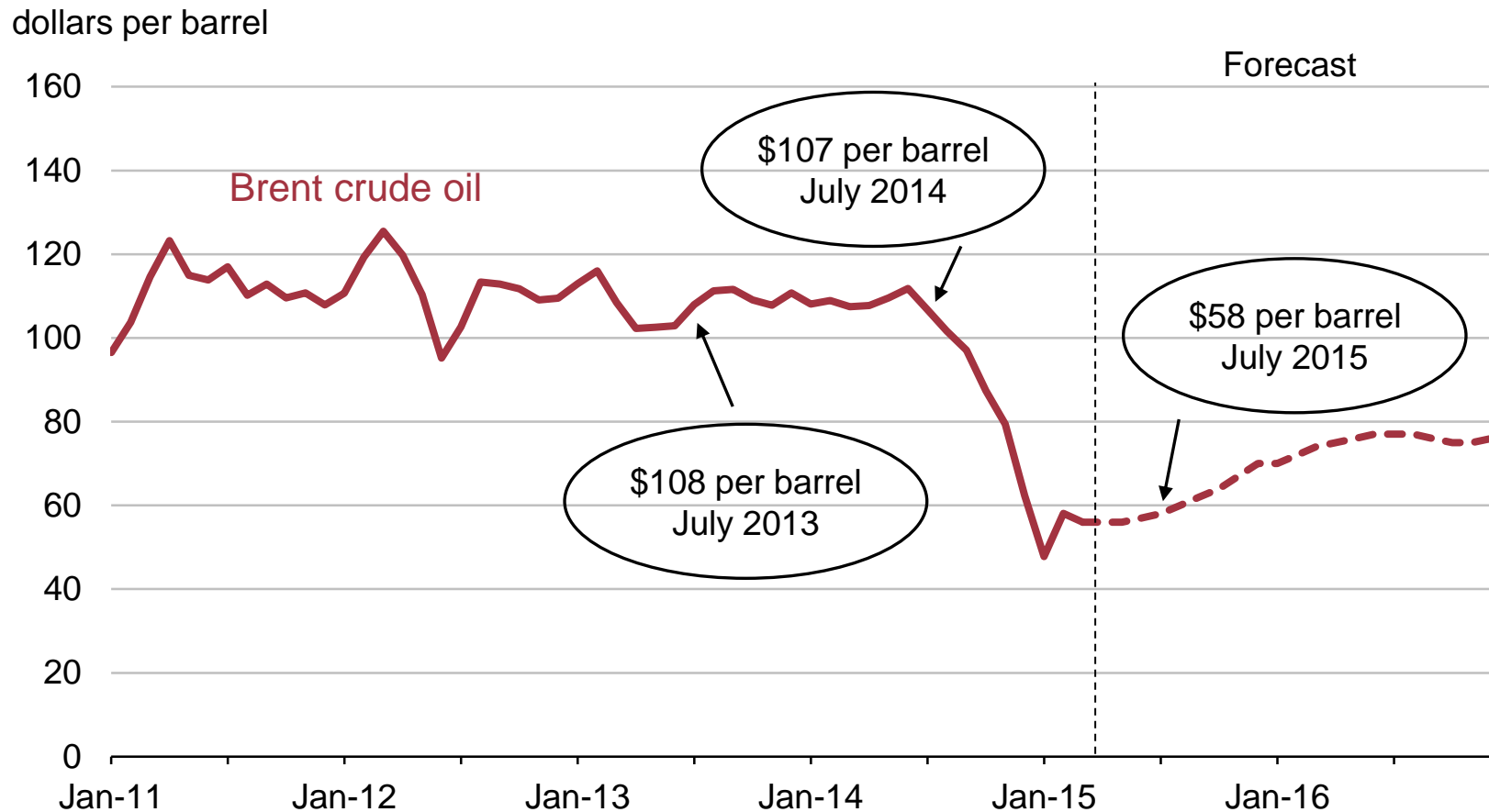
Expected OPEC surplus oil production capacity increases as non-OPEC supply growth supports cutbacks in OPEC production



Note: Shaded area represents 2004-2014 average (2.2 million barrels per day)

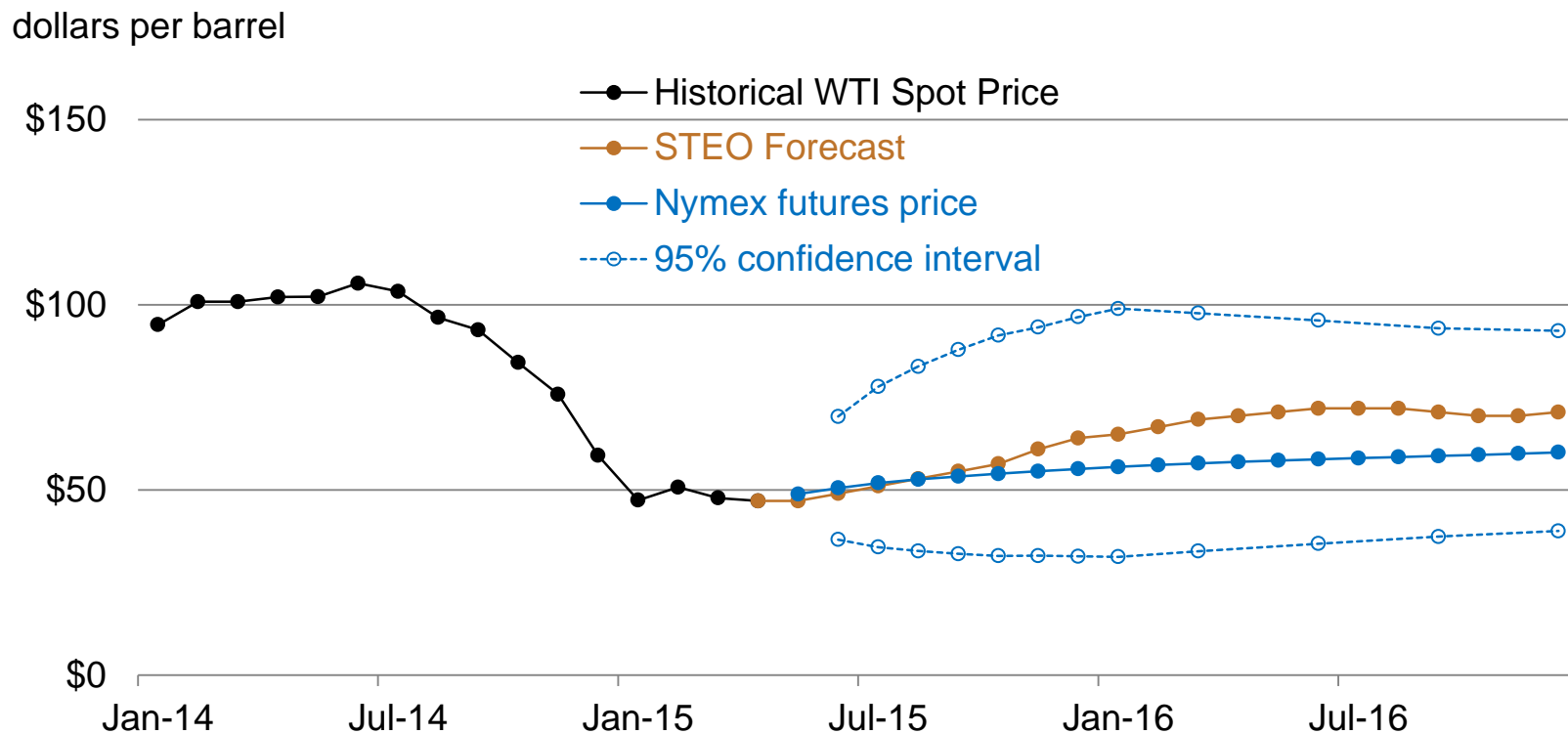
Source: Short-Term Energy Outlook, April 2015

EIA expects Brent crude oil prices will average \$48 per barrel lower this summer (April-September), compared with last summer



Source: Short-Term Energy Outlook, April 2015

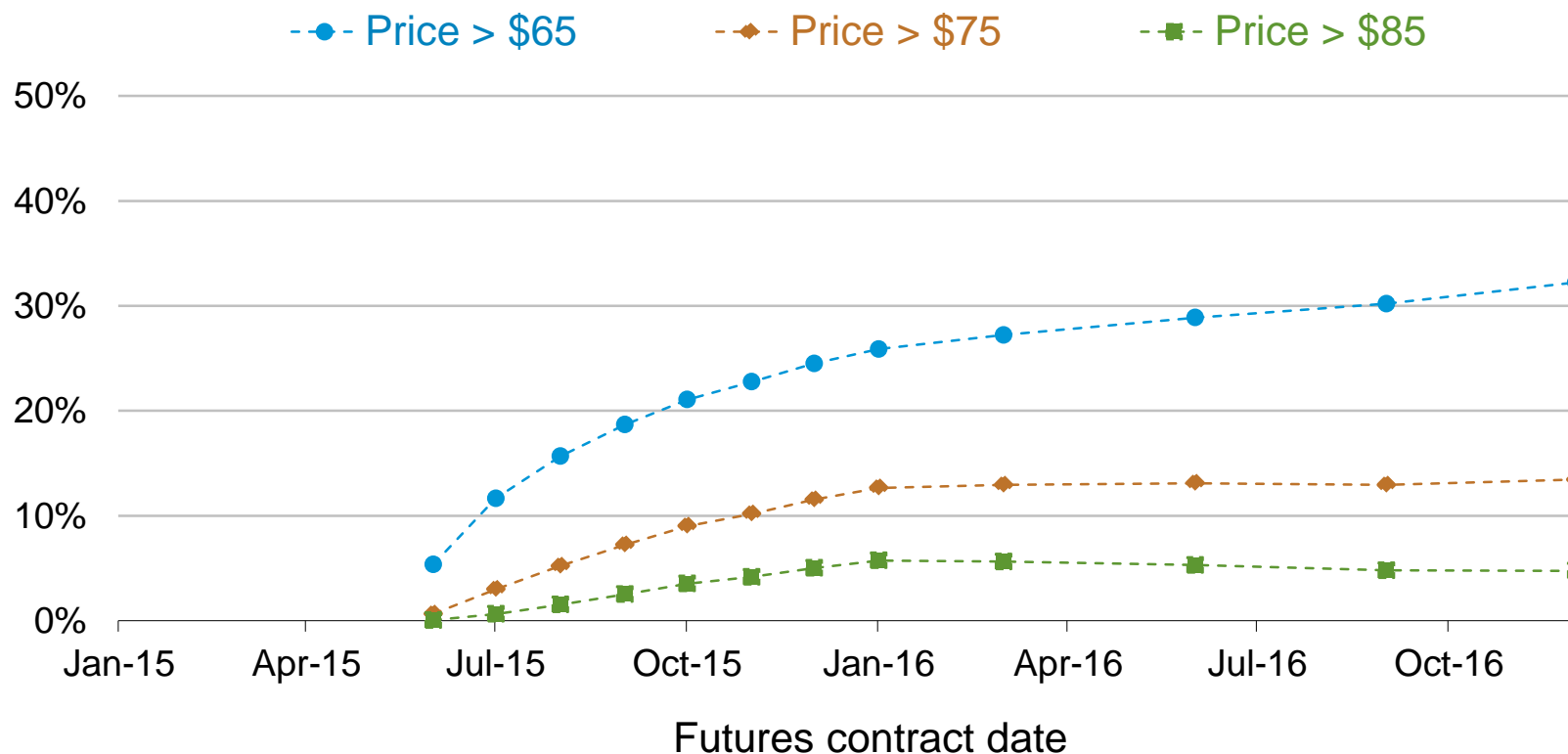
Uncertainty of crude oil price forecast remains high



Notes: Price probabilities are calculated using Nymex market data for the five trading days ending April 2, 2015. Values not calculated for months with sparse trading in near-the-money options contracts

Source: Short-Term Energy Outlook, April 2015

Probabilities the West Texas Intermediate (WTI) crude oil price may exceed given levels



Notes: Price probabilities calculated using Nymex market data for the five trading days ending April 2, 2015.
Values not calculated for months with little trading in close-to-the-money options contracts.

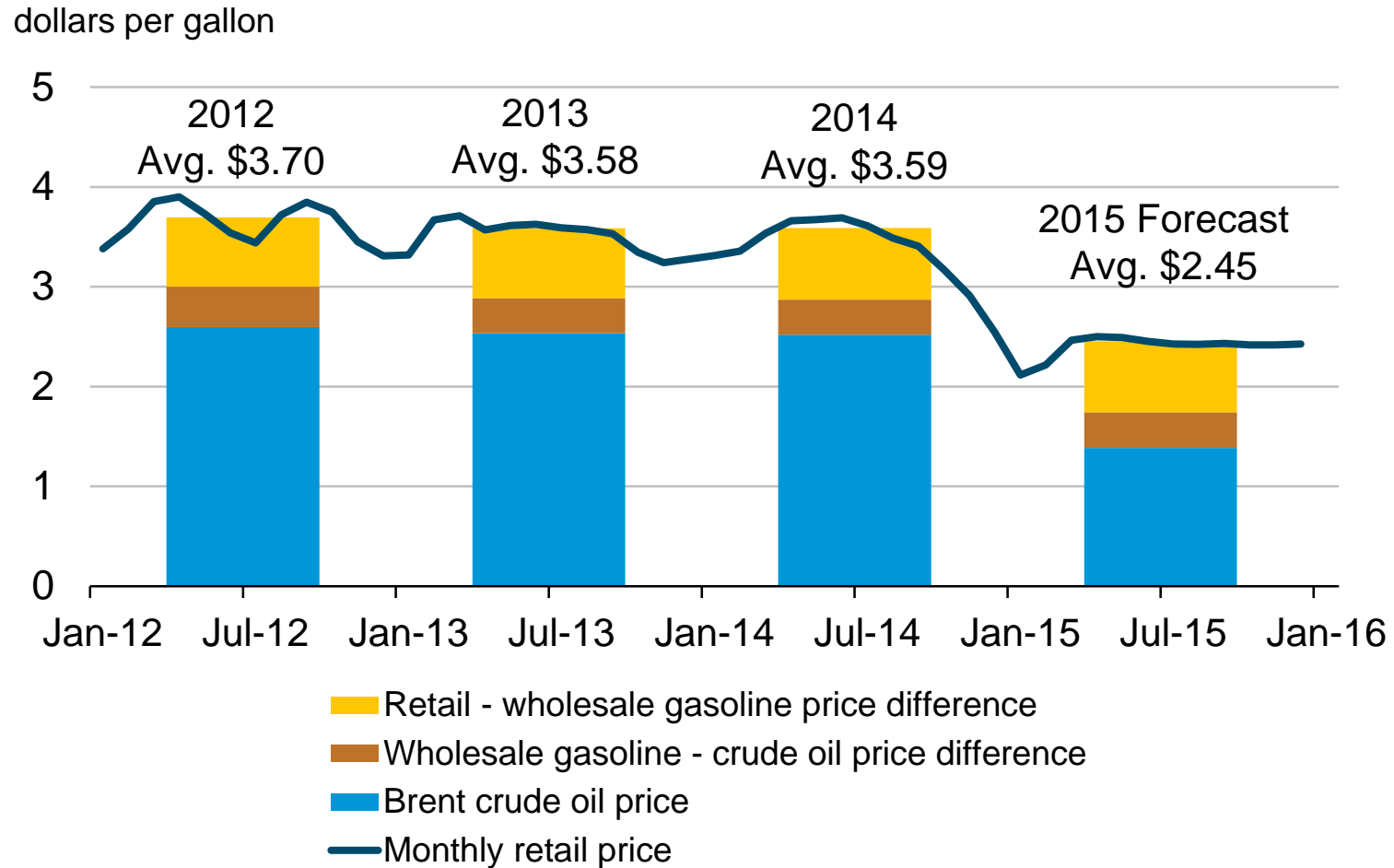
Source: Short-Term Energy Outlook, April 2015

Major takeaways for 2015 U.S. summer (April-September) outlook for gasoline

- Brent crude oil spot prices and retail gasoline and diesel fuel prices average \$1.10-\$1.15/gallon lower than last summer.
- Compared with last summer, gasoline consumption increases 1.6%, as retail prices are 32% lower and continuing employment and income growth contribute to increasing highway travel.
- Higher gasoline inventories at the start of the summer driving season and increases in both refinery production and imports meet the growth in gasoline consumption.

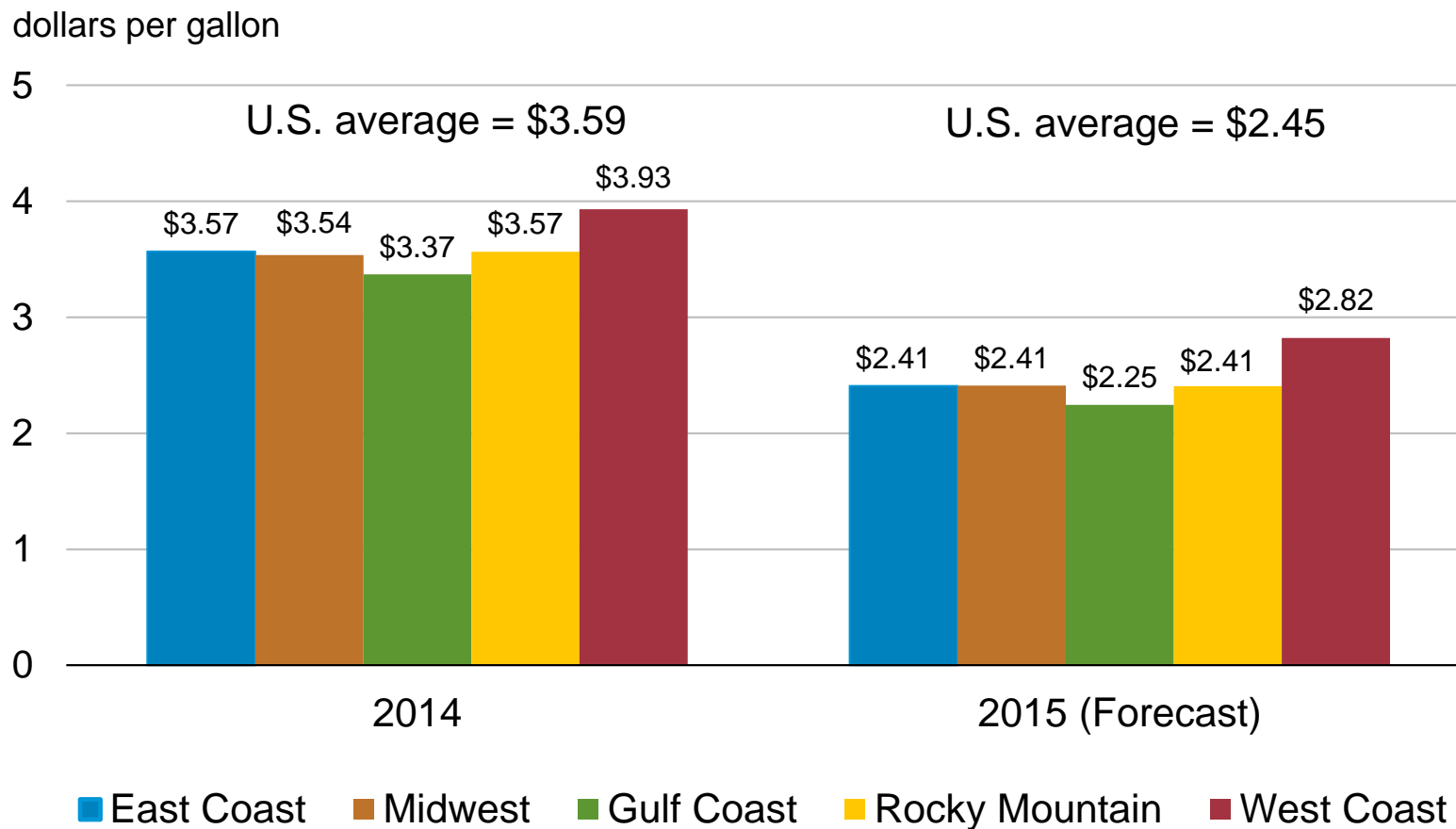
Source: Short-Term Energy Outlook, April 2015

Regular-grade gasoline retail price forecast averages \$2.45 per gallon this summer compared with \$3.59 per gallon last summer



Source: Short-Term Energy Outlook, April 2015

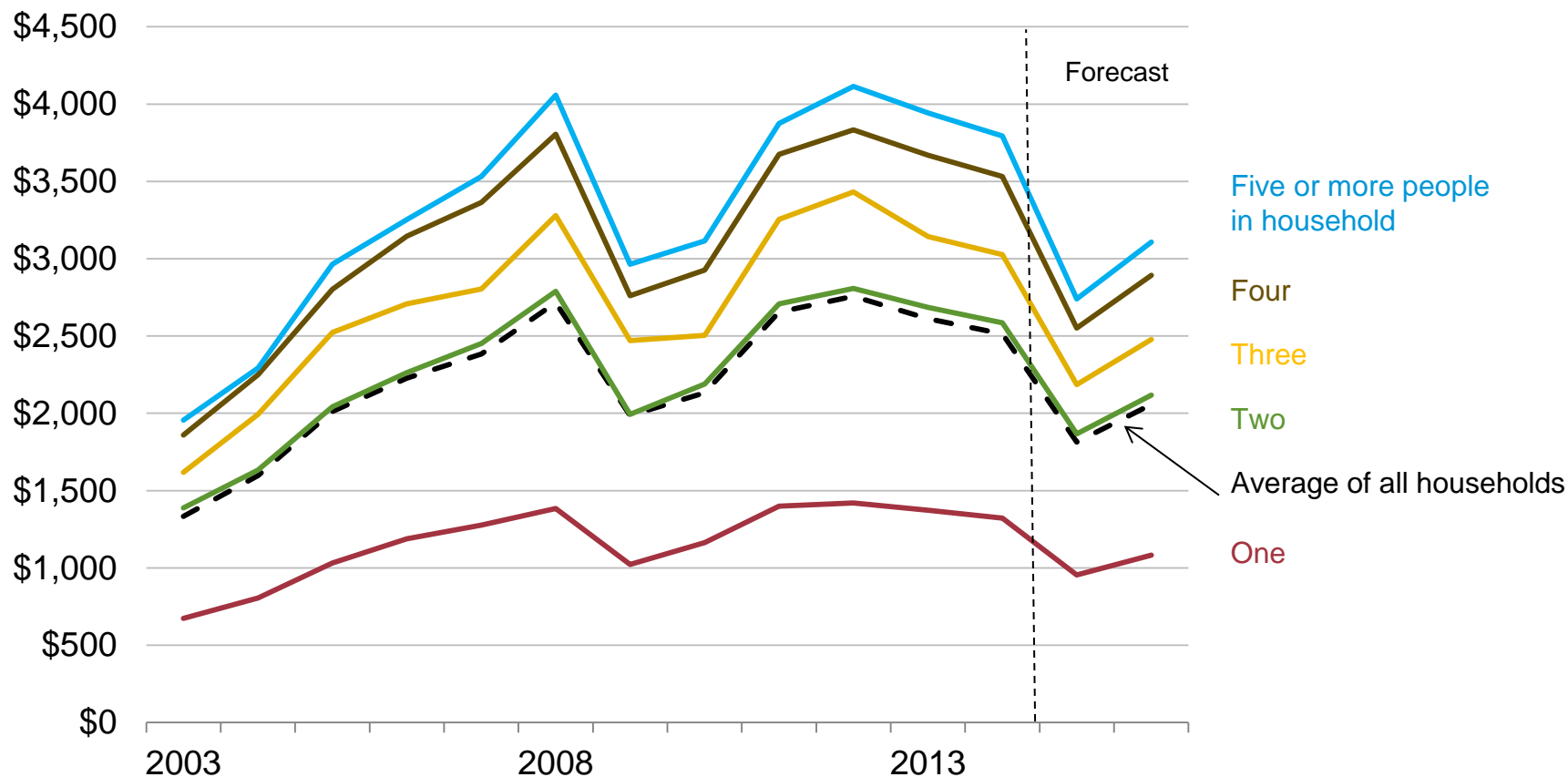
Regular gasoline summer prices vary by region



Source: Short-Term Energy Outlook, April 2015

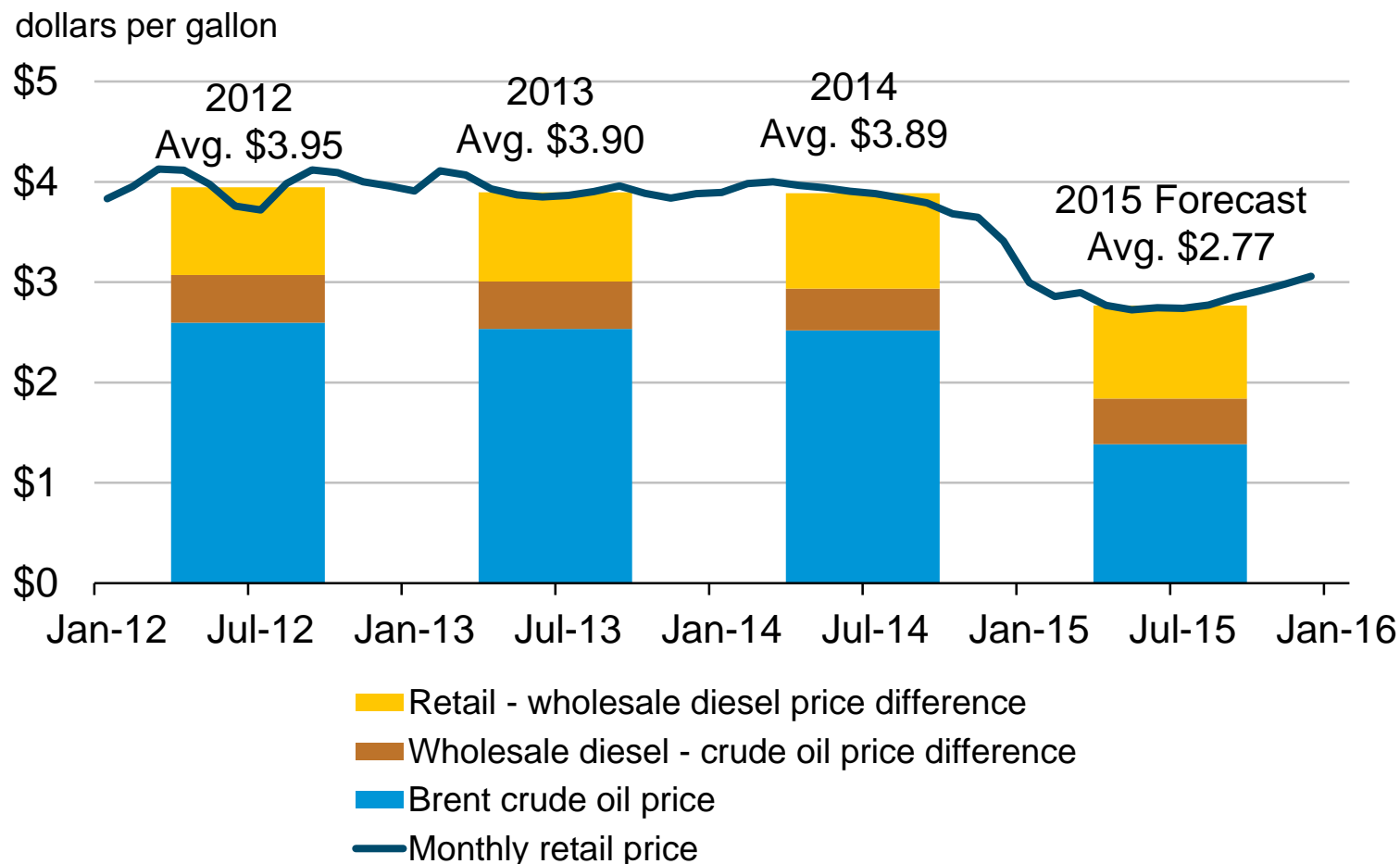
Household gasoline expenditures in 2015 are projected to be the lowest since 2004

Average annual household expenditures on gasoline



Source: U.S. Bureau of Labor Statistics, *Consumer Expenditure Survey*; Short-Term Energy Outlook, April 2015

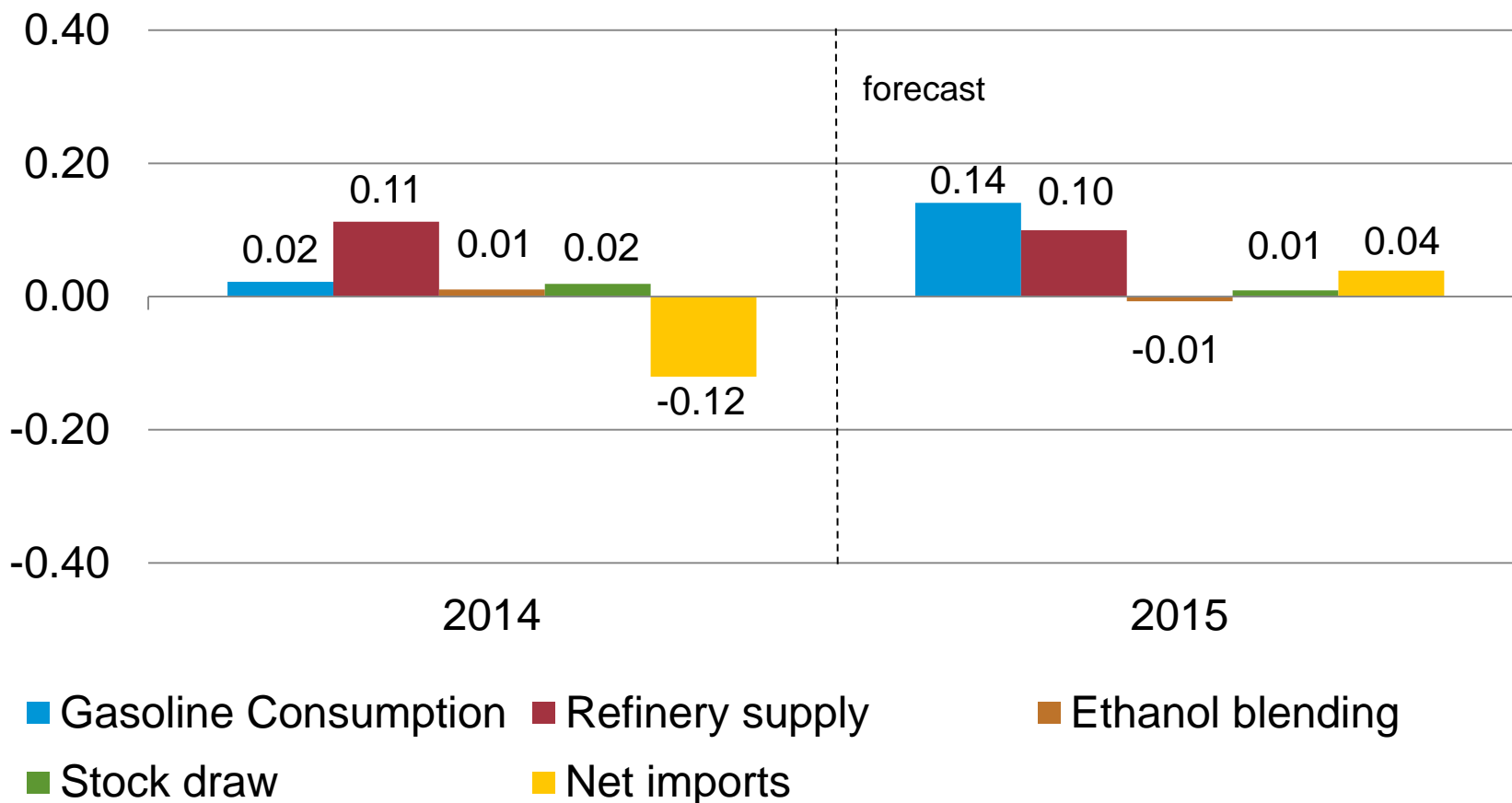
Summer retail diesel price forecast averages \$2.77 per gallon, down \$1.12 per gallon from last summer



Source: Short-Term Energy Outlook, April 2015

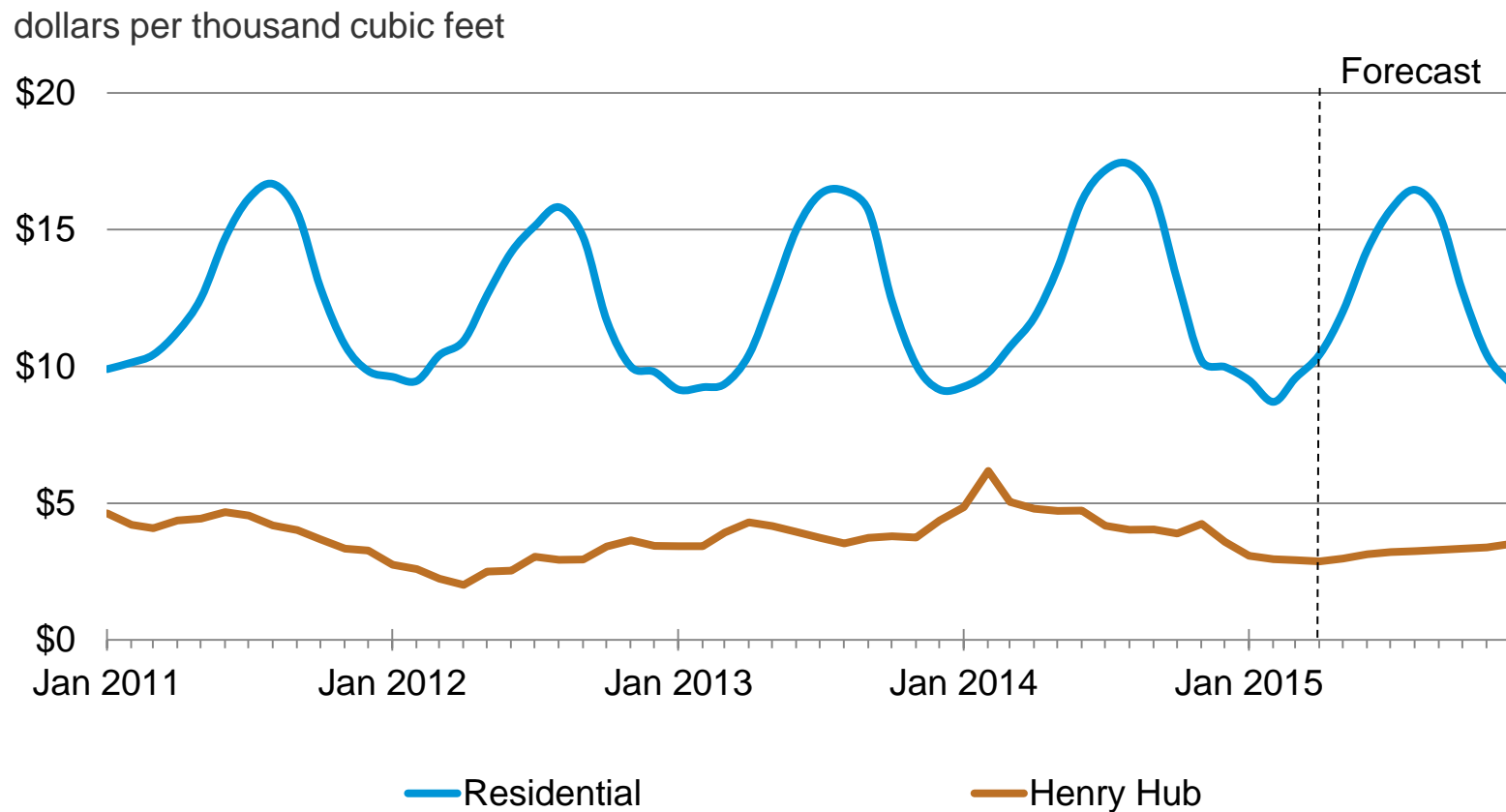
Larger increases in gasoline consumption expected this summer

million barrels per day (change from prior summer)



Source: Short-Term Energy Outlook, April 2015

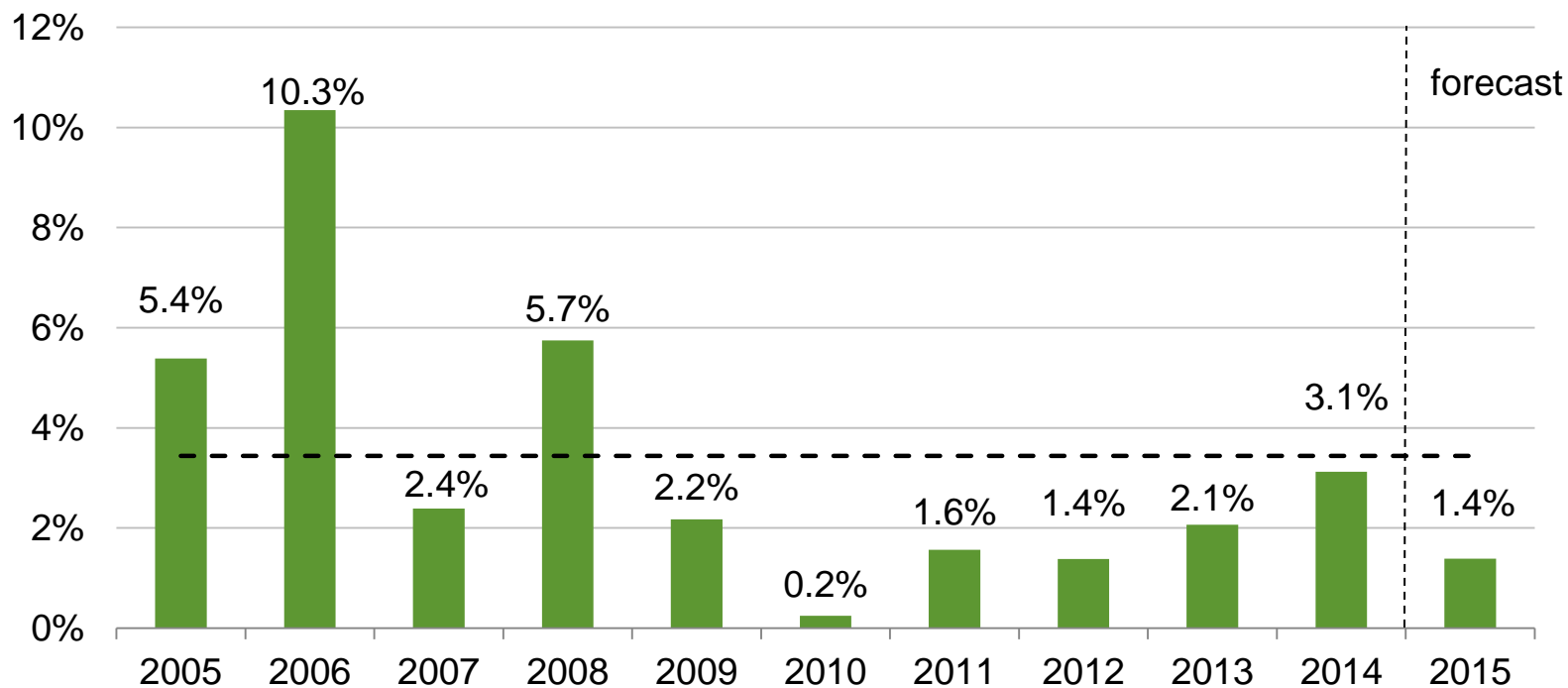
Residential natural gas price averages \$10.33 per thousand cubic feet in 2015, about 6% lower than last year



Source: Short-Term Energy Outlook, April 2015

The projected average residential electricity price increase in 2015 is lower than the previous 10-year average

change from prior year



Dashed line represents prior 10-year average (2005-2014)

Source: Short-Term Energy Outlook, April 2015

Summary

Liquid Fuels: Global oil supply is expected to remain higher than global consumption in 2015, keeping oil prices at relatively low levels compared with previous years

- Brent crude oil prices are expected to average \$58 per barrel this summer compared with \$106 per barrel last summer.
- Regular gasoline retail prices are expected to average \$2.45 per gallon this summer, compared with \$3.59 per gallon last summer.
- Diesel fuel prices are expected to average \$2.77 per gallon this summer, compared with \$3.89 per gallon last summer.
- Multiple market uncertainties have the potential to significantly affect prices and supplies during the rest of 2015.

Natural Gas: The Henry Hub spot price is expected to average \$3.16 per thousand cubic feet in 2015, \$1.36 per thousand cubic feet below the 2014 average.

Electricity Prices: A 1.4% increase in the average residential electricity price is expected in 2015.

For more information

U.S. Energy Information Administration home page | www.eia.gov

Short-Term Energy Outlook | www.eia.gov/steo

Annual Energy Outlook | www.eia.gov/aeo

International Energy Outlook | www.eia.gov/ieo

Monthly Energy Review | www.eia.gov/mer

Today in Energy | www.eia.gov/todayinenergy